

AMENDED CLAIMS

In the Claims

Please amend Claims 1, 7, 10, 11, 17 and 20 as follows:

1. (Currently amended.) A processor for conducting a secondary auction in electronic trading of financial instruments comprising:

(a) a receiver for information messages from market participants in a primary auction that bid for purchase or offer for sale of a financial instrument, said receiver time-stamping received information messages;

(b) an electronic order book;

(c) an updater communicating with said receiver and said electronic order book for qualifying and parsing price, size and time-stamp bid or offer data from information messages received on said receiver and entering said parsed data on said electronic order book with priority tracked by instrument in price and time-stamp of a received and qualified message;

(d) a transmitter communicating with said electronic order book for display to market participants during said secondary auction anonymous data on price and quantity bid entered on said electronic order book;

(e) a price improvement period timer communicating with said updater (i) initiated upon receipt by said receiver of an information message from a qualified market participant containing a bid or offer at or better than a threshold price improvement, said threshold preset at the processor, regardless of the market participant, for said secondary auction, over the best bid or offer prevailing across multiple markets for a particular instrument and (ii) terminated upon an elapsing of a price improvement period time, preset at the processor, regardless of the market participant, establishing the duration of said secondary auction, of less than a minute and commensurate with market risk, during which market participants may make new bids or offers; and

(f) a transaction executor communicating with said price improvement period timer and said electronic order book for allocating and executing upon said termination matches of bids or offers for said particular instrument, data for which are entered on said electronic order book,

against market offers or bids in said order, subject to a partial time priority for said qualified market participant, and updating said electronic order book accordingly.

2. (Original) The processor of Claim 1 wherein said best bid or offer prevailing across multiple markets is the best bid or offer on a national market.

3. (Original) The processor of Claim 2 wherein said preset price improvement and increments in subsequent bids or offers during said price improvement are finer increments than those reported for best bids and offers on said national market.

4. (Original) The processor of Claim 2 wherein said preset price improvement period is three seconds.

5. (Original) The processor of Claim 2 wherein said qualified market participant is a non-market-maker broker-dealer and said qualified market participant receives time priority for forty percent by size of any remaining allocation at said qualified market participant's best price.

6. (Original) The processor of Claim 5 wherein a market maker bidding or offering at the national best bid or offer at the commencement of said price improvement period receives time priority for one-third by size of any remaining allocation at said qualified market participant's best price after said qualified market participant's allocation at that or better price.

7. (Currently amended.) A processor for conducting a secondary auction in automatic trading of equity option contracts comprising:

(a) a receiver for information messages from market participants in a primary auction that order bids for purchase or offers for sale of an equity option contract, said receiver time-stamping received information messages;

(b) an electronic order book;

(c) an updaters communicating with said receiver and said electronic order book for qualifying and parsing price, size and time-stamp bid or offer data from information messages received on said receiver and entering said parsed data on said electronic order book with priority tracked by equity option contract in price and time-stamp of a received and qualified message;

(d) a transmitter communicating with said electronic order book for display to market participants during said secondary auction anonymous data on price and quantity bid entered on said electronic order book;

(e) a price improvement period timer communicating with said updaters (i) initiated upon receipt by said receiver of an information message from a qualified market participant containing a bid or offer at or better than a threshold price improvement, said threshold preset at the processor, regardless of the market participant, for said secondary auction, over the national best bid or offer for a particular equity option contract and (ii) terminated upon an elapsing of a price improvement period time, preset at the processor, regardless of the market participant, establishing the duration of said secondary auction, of greater than zero and less than ten seconds, during which market participants may make new bids or offers; and

(f) a transaction executor communicating with said price improvement period timer and said electronic order book for allocating and executing upon said termination matches of bids and offers for said particular equity option contact, data for which are entered on said electronic order book, against market offers or bids in said order, subject to a partial time priority for said qualified market participant, and updating said electronic order book accordingly.

8. (Original) The processor of Claim 7 wherein said qualified market participant is an order flow provider and said order flow provider receives time priority for forty percent by size of any remaining allocation at said order flow provider's best price.

9. (Original) The processor of Claim 8 wherein a market maker bidding or offering at the national best bid or offer at the commencement of said price improvement period receives time priority for one-third by size of any remaining allocation at said order flow provider's best price after said order flow provider's allocation at that or better price.

10. (Currently amended) A computer program product for conducting a fast price improvement auction of financial instruments traded across national markets, said computer program product residing on a computer-readable medium comprising instructions for causing a computer to: receive an order specifying the commencement of a price-improvement auction with better price, by greater than a threshold preset for all said auctions, than the prevailing price across national markets, commence and conduct an auction with a time duration, preset for all said auctions, of greater than zero and less than ten seconds where bids or offers are matched with contra market orders or bids, displayed anonymously to auction participants during the price-improvement auction period during which market participants may make new bids or offers, according to an allocation at the best price first and within each price level by time of receipt, with a share of any allocation at the best price level received from a market participant commencing said price-improvement auction reserved to said market participant.

11. (Currently amended.) A process for conducting a secondary auction in electronic trading of financial instruments comprising the steps of:

- (a) receiving at an electronic trading host an information message in a primary auction that bids for purchase of or offers for sale a financial instrument;
- (b) entering on an electronic order book data parsed from said information message where said information message bids for purchase of or offers for sale a financial instrument at price at or better than a threshold price improvement, said threshold preset, regardless of the market participant, for said secondary auction, over the best national bid or offer, wherein price and quantity information are visible to market participants who may make new bids or offers during said secondary auction;
- (c) initiating a price improvement period timer upon receipt of the first said bid or offer at or better than said preset price improvement;
- (d) receiving and entering information messages according to steps (a) and (b) until the elapsing of a price improvement period time, preset, regardless of the market participant, establishing the duration of said secondary auction;

(e) allocating and executing, using said electronic trading host, upon the said elapsing of said preset price improvement period time, matches of bids or offers for a particular equity option contract, data for which are entered on said electronic order book, in order of best bids or offers and earliest time of receipt at each price level, against market offers or bids, subject to a partial time priority for a qualified market participant from whom was received said information message initiating said price improvement period timer.

12. (Original) The process of Claim 11 wherein said best bid or offer prevailing across multiple markets is the best bid or offer on a national market.

13. (Original) The process of Claim 12 wherein said preset price improvement and increments in subsequent bids or offers during steps (a) and (b) are finer increments than those reported for best bids and offers on said national market.

14. (Original) The process of Claim 13 wherein said preset price improvement period is three seconds.

15. (Previously presented) The process of Claim 12 wherein said qualified market participant is a non-market-maker broker-dealer and said qualified market participant receives time priority for forty percent by size of any remaining allocation at said qualified market participant's best price

16. (Original) The process of Claim 15 wherein a market maker bidding or offering at the national best bid or offer at the commencement of said price improvement period receives time priority for one-third by size of any remaining allocation at said qualified market participant's best price after said qualified market participant's allocation at that or better price.

17. (Previously presented) A process for conducting a secondary auction in automatic trading of equity option contracts comprising:

- (a) receiving at an electronic trading host an information message in a primary auction that bids for purchase of or offers for sale an equity option contract;
- (b) entering on an electronic order book data parsed from said information message where said information message bids for purchase of or offers for sale an equity option contract at price at or better than a threshold price improvement, said threshold preset, regardless of the market participant, for said secondary auction, over a bid or offer prevailing on a national market, wherein price and quantity information are visible to market participants who may make new bids or offers during said secondary auction;
- (c) initiating a price improvement period timer upon receipt of the first said bid or offer at or better than said preset price improvement;
- (d) receiving and-entering information messages according to steps (a) and (b) until the elapsing of a price improvement period time, preset, regardless of the market participant, establishing the duration of said secondary auction, of greater than zero and less than ten seconds;
- (e) allocating and executing, using said electronic trading host, upon the said elapsing of said preset price improvement period time, matches of bids or offers for a particular equity option contract data for which are entered on said electronic order book, in order of best bids or offers and earliest time of receipt at each price level, against market offers or bids, subject to a partial time priority for a qualified market participant from whom was received said information message initiating said price improvement period timer.

18. (Original) The process of Claim 17 wherein said qualified market participant is an order flow provider and said order flow provider receives time priority for forty percent by size of any remaining allocation at said order flow provider's best price.

19. (Original) The process of Claim 18 wherein a market maker bidding or offering at the national best bid or offer at the commencement of said price improvement period receives time priority for one-third by size of any remaining allocation at said order flow provider's best price after said order flow provider's allocation at that or better price.

20. (Currently amended.) A method for conducting a fast price improvement auction of financial instruments traded across national markets comprising the steps of: receiving at an electronic trading host on a computer network an order from a qualified market participant specifying the commencement of a price-improvement auction with better price, by greater than a threshold preset for all said auctions, than the prevailing price across national markets as received by said trading host over said network; commencing in said trading host an auction with a time duration, preset for all said auctions, of greater than zero and less than ten seconds in which improved bids or offers are received, displayed anonymously to auction participants over said network during the price-improvement auction period during which market participants may make new bids or offers; and at the termination of said auction, matching contra market orders or bids, within said trading host according to an allocation at the best price first and within each price level by time of receipt, with a share of any allocation remaining at the best price level of said market participant commencing said price-improvement auction reserved to said market participant.